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18 **UNITED STATES DISTRICT COURT**

19 **NORTHERN DISTRICT OF CALIFORNIA**

20
21 **EMIL ALPERIN, et al.**

22 **Plaintiffs,**

23 **v.**

24 **VATICAN BANK, et al.**

25 **Defendants.**

NO. C99-4941 MMC (EDL)

**DECLARATION OF
WILLIAM E. W. GOWEN**

26 I, WILLIAM E. W. GOWEN declare:

27 1. In 1947, while serving as a Special Agent in the Rome Detachment of the US Army's 428th
28 Counter Intelligence Corps (CIC) unit, I was assigned to the case of Dr. Ante Pavelic, together with a

1 number of other related cases, by our Detachment commander, Lt. Colonel Gono Morena.

2 2. Colonel Morena had been ordered to investigate the alleged presence in Rome of Pavelic, a
3 notorious major war criminal, and to apprehend him if our Rome CIC unit could succeed in locating him.
4 In the 1920's, Pavelic had created the underground Croatian Ustasha organization that had aimed at
5 overthrowing the Yugoslav state – ostensibly to secure the political rights for the Croatian people and
6 financed by Fascist Italy and Hungary, both of which had territorial designs on Yugoslavia. Later, in April
7 1941, Pavelic became the wartime chief, or Poglavnik, of the so-called Croatian Independent State, which
8 was run as a one-party totalitarian state operated by his Ustasha party, and which was sponsored by
9 Fascist Italy, Hungary and Nazi Germany.

10 3. Yugoslavia was dismembered, and Italy and Hungary annexed extensive slices of former
11 Yugoslav territory. Later, in December 1941, as Poglavnik of Croatia, Pavelic declared war on the United
12 States, as a treaty ally of Fascist Italy, Hungary and Nazi Germany.

13 4. During the war, Pavelic then ruthlessly persecuted and despoiled racial and ethnic minorities,
14 including particularly members of the Serb Orthodox and Jewish faiths. On his orders, private property,
15 including bank deposits, shares certificates, homes and businesses, was seized without compensation and
16 without due process of law. He had issued decrees based on the anti-Semitic laws of Fascist Italy and on
17 the Nuremberg laws of Nazi Germany, and had established a number of concentration camps in Croatia,
18 including the Jasenovac camp, where tens of thousands allegedly died.

19 5. His wartime Croatian Minister of the Interior, Andrija Artukovic, who had supervised these
20 camps and the Croatian police, was also alleged to be in the Rome area, in contact with Pavelic. Acting
21 together during the war, Pavelic and Artukovic had shipped thousands of prisoners held in the Jasenovac
22 camp to Auschwitz and other SS death camps, in cooperation with the German Gestapo.

23 6. When our Pavelic investigation began, considerable background information on Pavelic was
24 already contained in our Rome CIC files. This included some Italian police reports and some British
25 Intelligence reports. The more recent of these reports, including from the Naples unit of the 428th CIC,
26 indicated that Pavelic was allegedly hidden somewhere in the Rome area, and this information had
27 triggered the official US Army request to the 428th CIC to follow his trail in Rome and arrest him there.

28 7. Colonel Morena then created a three-man team to conduct the Pavelic investigation, which he

1 himself headed as Supervising Agent. The two other members were myself and Special Agent Louis S.
2 Caniglia. The team's first reports were signed by all three of us, as were some of our later reports. In the
3 process and in due course, I conducted much of the investigatory activities. There included searching for
4 and locating potential informants who had been or were familiar with Pavelic and with Pavelic's senior
5 Ustasha associates, as well as directly examining Italian police files at the Rome Police Headquarters (the
6 Questura) and at the Italian Ministry of the Interior. All these diverse but coordinated efforts by Colonel
7 Morena, by Louis S. Caniglia and by myself quickly confirmed that for many years before the war Pavelic
8 had been directly sponsored and financed by the Italian Fascist government and by the Horthy regime in
9 Hungary. In fact, Pavelic had resided safely, with his wife and children, in Rome, Florence, Lucca and
10 other areas of Italy in the 1930's, under Italian police protection. The Mussolini government had even
11 refused a prewar extradition request from the French government after the 1934 assassination, in
12 Marseille, of King Alexander of Yugoslavia and French Foreign Minister Louis Barthou by an Ustasha
13 hit team. Indeed, Pavelic had maintained (prewar) Ustasha training camps and bases in Italy and also in
14 Hungary. Consequently, Pavelic became unusually familiar not only with Rome and Italy, but also with
15 the details of Italian police procedures and with the technical details of passports and other identity
16 documents. He had also developed close personal ties with top members of the Italian police and military
17 intelligence.

18 8. Before the war, the Croatian Ustasha network had established training camps in prewar Italy
19 and in prewar Hungary, and in both countries had also maintained a variety of safe houses. This system
20 permitted Pavelic and other Ustasha leaders to travel quite freely between Hungary and Italy, and
21 throughout both countries, without registering at hotels.

22 9. Consequently, it was very difficult for the prewar Royal Yugoslav and French Intelligence
23 services to locate Pavelic and his top associates in Italy. But Pavelic remained wanted on murder charges
24 as the target of the Yugoslav and French governments.

25 10. Because Pavelic by war's end had become so well known over the years, in Italy, Hungary
26 and in wartime Croatia, he risked being easily recognized. Consequently, he had to remain hidden while
27 in postwar Italy, and allegedly disguised himself in a variety of ways. Instead of remaining clean-shaven,
28 for example, Pavelic grew whiskers and beards of different types. And, at times, he was reportedly attired

1 as a priest or monk.

2 11. The secret prewar Ustasha network that he had created in Italy, we discovered, had largely
3 remained intact and immune. And this had assisted him in escaping into Italy, with his family and most
4 of his senior Ustasha associates, after they were forced to flee Zagreb, the Croatian capital, just before
5 the end of the war in May 1945. But just how they had made their escape into Italy had remained a
6 mystery. A number of senior Yugoslav personalities in postwar Rome reported that Pavelic had fled
7 originally from Zagreb into the British Occupation Zone of Austria, where, for months, he had enjoyed
8 the protection of the British Eighth Army. That Army had fought its way up the eastern, or Adriatic, flank
9 of the Italian peninsula, through Trieste, and then into Austria. Thus, anyone escaping West from Zagreb
10 towards Austria or Italy had faced meeting up with the British Army. In late April and early May 1945,
11 the British were routinely accepting the surrender of German Wehrmacht units and Croatian units seeking
12 to avoid capture by the Russian Army or by Tito's Yugoslav Partisans advancing westwards from the
13 East. These allegations about Pavelic's flight from Zagreb included assertions that that, before fleeing into
14 Austria, Pavelic had personally supervised the looting of all the gold, jewelry and foreign currency on
15 deposit in all the banks in Zagreb, including the Croatian State Bank. And he also seized all the tangible
16 assets in Zagreb of the Croatian army, the Croatian State Mint and his Croatian puppet state. As Ustasha
17 Poglavnik, or dictator, he had had the absolute power to loot at will, and he had further abused this
18 absolute power to convert all these looted assets arbitrarily into his own personal property.

19 12. Pavelic had later moved all this gold, jewelry, currency and other assets out of the British
20 Occupation Zone of Austria into Italy, in a military truck convoy supervised, it was alleged by a variety
21 of sources, by British officers, or by Croatians wearing British Army uniforms. Our Rome CIC team also
22 began investigating these allegations.

23 13. However, we first successfully confirmed that the Pontifical Croatian College of St Jerome
24 (S. Girolamo), on Via Tomacelli in center-city Rome, was widely considered by many Croatian refugees
25 in postwar Italy to be the postwar operational headquarters of the Ustasha network in Italy. But earlier
26 attempts to penetrate the Ustasha network at the College, conducted by the Naples unit of the 428th CIC,
27 had all failed. The Naples CIC had acted after establishing that the Ustasha network within the displaced
28 persons camp at Bagnoli, near Naples, reportedly maintained direct links with persons residing in Rome

1 at the College of St. Jerome. special Agent Robert Clayton Mudd, of the Naples CIC, had also believed
2 or had somehow encouraged allegations that Pavelic was himself hidden in the College. Consequently,
3 Colonel Morena, Special Agent Caniglia and I together looked into these specific allegations, by Mudd,
4 about Pavelic's alleged sanctuary at the College, and, in the process, sought to develop informants
5 resident inside the College.

6 14. The multi-building complex of the Pontifical Croatian College of St. Jerome included two
7 major ancient churches, which each separately faced on the Tiber Embankment, but were directly linked
8 by passageways, both overground and underground, to each other and with the main building. This was
9 a large modern structure completed and dedicated in 1941, the year that the Ustasha Independent State
10 of Croatia had been created. In addition to housing the Croatian Catholic Rector, Father Mandic, a
11 Franciscan, and his College staff, and other Croatian Franciscan priests and seminarians, the main building
12 was the headquarters of the Confraternity of St. Jerome that served as a community center for Croatian
13 Catholics in postwar Rome. The Rev. Prof. Dr. Krunoslav Draganovic, also a resident of the college, was
14 the Secretary of the Confraternity.

15 15. Our background check on Draganovic established that he had been transferred to Rome from
16 Zagreb in 1943, and that for a number of years before the war he had been a history professor and the
17 private secretary of the Roman Catholic bishop of Sarajevo, Ivan Saric. Bishop Saric was a longtime self-
18 proclaimed member of the Ustasha party, and the implication was that Draganovic had also been and was
19 then still a member of the Ustasha party. But that could not be proved by any documents available to us
20 in Rome. However, Bishop Saric had been the featured 1941 Christmas Eve speaker on the Zagreb State
21 Radio, and on that occasion had read a long epic poem dedicated to Dr. Ante Pavelic that eulogized the
22 Poglavnik. Bishop Saric had then announced, on the air, that he had himself composed the poem for the
23 occasion. The poem contained denunciations of the Jews. Copies of that epic poem had been printed and
24 widely distributed in Croatia during the war years.

25 16. But by far the most important position that Draganovic then held in postwar Rome was as
26 the Apostolic Vistator for Pontifical Assistance for Croatians. As the Apostolic Vistator for Croatians,
27 her reported to Mons. Giovanni Battista Montini of the Vatican Secretariat of State, because Montini was
28 the supervisor of Pontifical assistance. In short, as an Apostolic Visitor, Draganovic was a Vatican

1 official, and he had been so recognized by the US and British authorities in Italy, as requested by letters
2 signed by Mons. Montini, as the Vatican official authorized to visit with and serve the religious needs of
3 all Croatians found in displaced persons camps in Italy, and elsewhere. Nobody, however, really knew
4 how many Croatian refugees were present in postwar Italy, but the Allied authorities estimated them to
5 range up to the tens of thousands. Among them were hundreds or even thousands of members of the
6 Ustasha party.

7 17. We, of the Rome CIC, were already familiar with an Apostolic Visitor for Pontifical
8 Assistance, because Mons. Hugh O'Flaherty, an Irishman long in Rome, and a resident inside the Vatican
9 City State, was Apostolic Visitor for the English and Americans. Mons. O'Flaherty was, of course, very
10 proud that he reported directly to Mons. Montini, whom, he alleged, he had long known well. (In 1963,
11 Mons. Montini, then Archbishop of Milan, was elected Pope, taking the name Paul VI.) During the
12 German Occupation of Rome, Mons. O'Flaherty had covertly created a resistance network in Rome that
13 assisted and housed escaped US and British Prisoners of War (and, decades later, had his wartime
14 exploits in Rome dramatized by the Hollywood motion picture "The Red and the Black" that starred
15 Gregory Peck as Mons. Hugh O'Flaherty.) By 1947, O'Flaherty, in fact, had long cooperated in a variety
16 of ways with the US and British Intelligence services, and was, moreover, a frequent visitor to our Rome
17 CIC headquarters. Colonel Morena and I knew him well.

18 18. In short, the Pontifical Croatian College of St. Jerome complex had two distinct operational
19 roles. It was a religious college that housed and trained Roman Catholic seminarians, and also housed
20 priests that staffed its two large churches, and other supporting religious staff. But it also operated as the
21 headquarters of the Apostolic Visitor for Croatians, the Rev. Prof. Dr. Krunoslav Draganovic, who also
22 officiated as Secretary of the Confraternity of St. Jerome that served the Croatian community in Rome.
23 In practice, only Croatian Catholics were welcome to apply for assistance, and to our CIC knowledge,
24 for example, no Serb Orthodox or Jewish refugees were welcome at the College of St. Jerome. But if a
25 person, applying for aid as a Croatian refugee, did not have a baptismal certificate or a valid passport or
26 some other type of legitimate identification, he could be baptized or re-baptized, or could be issued an
27 identification document as a Croatian registered with Pontifical Assistance. Thus, he or she would be able
28 to qualify to receive a subsistence allowance from Draganovic and/or the privilege of eating some meals

1 at the mess at the College of St. Jerome. As we would discover, Draganovic kept these Croatian
2 registration files in his private office at the College. This file included, importantly, the originals of the
3 standard one-page form that every Croatian refugee seeking assistance had to fill out in full, and date and
4 sign. The form, we also discovered, did not require an applicant to reveal whether or not he or she had
5 been a member of the Ustasha party, or any other party.

6 19. As our investigation proceeded, we collected information from many sources in Rome about
7 alleged Ustasha safe houses, the routes customarily used by Ustasha personalities moving between such
8 locations, and specific areas where Pavelic might be safely protected and hidden. One such location was
9 the Aventine Hill, one of the Seven Hills of ancient Rome, which was honeycombed with tunnels that
10 linked most, if not all, of its buildings and also permitted persons to exit the hill at street level at various
11 points on its perimeter. We came to recognize, therefore, that even if we could confirm a specific location
12 for Pavelic, it would still be extremely difficult for us to prevent him from escaping – through the maze
13 of underground tunnels of Medieval Rome and possibly through the even more ancient Jewish and
14 Christian catacombs of the Roman Era. There were no maps of the medieval tunnels of Rome or of the
15 more than the estimated 60 miles of largely unexplored underground networks of separate Jewish and
16 Christian catacombs. First, Jews and later, Christians, had by ancient Roman law, not been permitted to
17 be buried above ground in Rome, and thus had adopted the custom of burying their dead underground,
18 in catacombs. The Emperor Constantine had formally eliminated the restriction on Christian burials after
19 he was converted to Christianity. (Years after the war, during the construction of Rome's first subway
20 lines, more information about the underground realities of Rome came to light as excavation work
21 proceeded.)

22 20. Our reports on our ongoing Rome CIC Pavelic investigation were routinely transmitted to
23 G-2, US Army at the headquarters of the Mediterranean Theater of Operations (at Caserta, near Naples),
24 to G-2, US Army at the Rome Area Allied Command, and to the successor US Army unit in Rome of
25 the OSS (which had been abolished by President Truman as of October 20, 1945). Some of our reports
26 had also been passed to British Intelligence in Rome. But not all, because it had become apparent to
27 Colonel Morena, Special Agent Caniglia and me that the British had been involved with Pavelic during
28 the war, as well as during his mysterious postwar escape from Zagreb, into the British Zone of Austria

1 and then into Italy.

2 21. One day, quite unexpectedly, I was informed that the Rev. Krunoslav Draganovic had
3 appeared at the entrance of our CIC offices, and had informed the guard there that he wanted to see me.
4 It was obvious, or so I suspected, that somebody must have leaked information to him that I was involved
5 in a Rome CIC investigation of Pavelic that also targeted him and the Pontifical Croatian College of St.
6 Jerome. However, Colonel Morena, Special Agent Caniglia and I had already discarded Special Agent
7 Mudd's notion that Pavelic was hidden at the College. Just about every Croatian there or who visited,
8 we reasoned, probably would have recognized Pavelic immediately, and later would have gossiped about
9 his presence. Some might even have been tempted to then seek the money reward offered for Pavelic's
10 capture by Tito's Yugoslav Communist Mission in Rome.

11 22. I said that I would receive Draganovic, who then came to my office, where we talked for
12 more than two hours. He began by introducing himself as Apostolic Vistator for Pontifical Assistance for
13 Croatsians. He was faced, he said, with trying to help many thousands of destitute Croatian refugees,
14 including women and children, who refused to return to Communist-run Yugoslavia. Though he had
15 limited financial and food support to offer these refugees. The Vatican provided most of what he could
16 offer, some of which, he added, reached him Pontifical Assistance from the US National Catholic Welfare
17 Conference (NCWC). I replied that I was familiar with the daily conditions faced by the millions of
18 refugees in postwar Italy, most of them displaced by the war from their homes, and with no jobs or other
19 means of support. The United States, I added, led by Myron C. Taylor, the President's Personal
20 Representative to the Pope, had initiated a massive US relief effort in Italy, starting in 1944, after the
21 capture of Rome, that had included reviving and refinancing the Italian Red Cross. And more was being
22 done now, including by UNRRA, led by the former Mayor of New York, Fiorello LaGuardia. Most of
23 the refugees in Rome and elsewhere in Italy were displaced Italians, but I knew that there were more than
24 100,000 Poles stranded in Italy, and untold thousands of Hungarians, Croatsians and Jews. If the Russians
25 had not seized Central Europe, Draganovic replied, most of the foreign refugees in Italy would be able
26 to return safely to their homes, but, instead, more were fleeing West every day. The situation in Tito's
27 Yugoslavia, he added, was even worse than in other parts of Central Europe.

28 23. After this rather general discussion, I told him that we had received many reports, as he must

1 be aware, that, he personally, with the Pontifical Croatian College of St. Jerome, was ~~not~~ involved not
2 only in assisting destitute Croatian refugees, but was also assisting leading members of the Ustasha,
3 including possibly Dr. Ante Pavelic himself. He replied that he was aware of such false accusations, but
4 that such unfounded allegations were aimed principally at discrediting the Holy See and the assistance
5 that Pontifical Assistance could provide, through his office, to Croatian refugees in Italy.

6 24. These reports, he claimed, were invented by Tito and other Communists, who viewed the
7 Catholic Church as their most dangerous opponent. But he could assure me that Pavelic was not and had
8 never been hidden at the College. However, he admitted that it was possible that one or two fairly
9 prominent Ustasha members might have been assisted, inadvertently or indirectly by the assistance
10 provide Croatian refugees through his office. But he did not have the resources to investigate every
11 applicant, and so could not make sure that no unworthy person ever benefitted from the charity he offered
12 legitimate refugees. He, in fact, simply did not have the personnel to fully carry out the daily programs
13 offered refugees in the displaced persons camps and at the College, including minimum subsistence
14 allowances and some meals at the College mess. Of course, he added, most of the Croatian refugees
15 wanted to return home once the Yugoslav communist regime was overthrown. The fact that the soviet
16 Union had seized Yugoslavia and Central Europe was a tragedy for everybody there, but also
17 represented, he said, a real threat to the United States. I commented that I had frequently heard exactly
18 the same sentiments from many Poles and Hungarians.

19 25. Draganovic then asserted he had been sent to Rome in 1943 by Archbishop Alois Stepinac,
20 of Zagreb, to work with the Holy See and to contact the Allies in an attempt to save Croatia from Stalin's
21 advancing Red Army. I asked him if he had succeeded in contacting the Allies. He replied that he had
22 called on Sir D'Arcy Osborne, the British Minister to the Holy See, who in 1943 was resident inside the
23 Vatican City State. He had had several private meetings with Sir D'Arcy inside the Vatican, and had
24 offered to place him in contact with the government of Croatia. Croatia, he said he had promised the
25 British Minister, would facilitate and welcome the arrival of the British Army in Croatia, to assist Britain
26 in saving Central Europe from Stalin. Eventually, Draganovic went on, the Croatian government in 1944
27 sent (Ustasha) Colonel Ivan Babic to the headquarters of the British Eighth Army in Italy. Babic was
28 installed there, in the uniform of a British Colonel, to coordinate a planned British invasion of Croatia

1 in cooperation with the Croatian army and government. That planned invasion, he said, had been
2 originally scheduled for late 1944, but was finally canceled by the British in January 1945.

3 25. However, Babic had remained in Italy in British uniform. It was thanks to Babic and his
4 British friends, at Eighth Army headquarters, Draganovic asserted, that "the Croatian National Treasure"
5 had been successfully moved by military truck convoy into Italy. This had prevented it, he declared, from
6 falling into the hands of Tito.

7 27. Colonel Babic, Draganovic told me, had personally escorted "the Croatian National Treasure"
8 from Northern Italy all the way to Rome, where Babic, still in British uniform, delivered it to him, at the
9 Pontifical Croatian College of St. Jerome on Via Tomacelli. Babic, he added, still remained in Rome, and
10 could confirm everything he had just told me. Both of them, however, were intensely disappointed that
11 the British had failed to invade Croatia in 1944, as they had originally promised. Draganovic then gave me
12 a Rome phone number, where he said I would be able to reach Babic indirectly. He suggested that I meet
13 with Babic, because the struggle for Croatia was very much alive, and, hopefully, the Americans could
14 prove more effective than had the British.

15 28. He added that he had not seen Sir D'Arcy Osborne recently. Sir D'Arcy had moved out of
16 the Vatican in the summer of 1944, after the liberation of Rome by the US Fifth Army on June 4th. He
17 had then moved back to his Rome residence on Via Giulia, where Draganovic said he had also met him
18 several times.

19 29. It was obvious from Draganovic's assertions that during the war, from 1943 on, he had acted
20 as an important covert representative in Rome of the Pavelic government. And that, through his meetings
21 with Sir D'Arcy inside the Vatican City State, he had successfully opened a covert relationship between
22 the Pavelic government and the British military command in Italy.

23 30. But was the story he had told me really true? I did not know, and was quite skeptical.

24 31. One of our best informants on Pavelic in Rome was a former Hungarian journalist and senior
25 intelligence agent, Ferenc Vajta, who had been stationed in both prewar Rome and prewar Berlin. He had
26 met Pavelic before the war in Hungary, which was then sponsoring Pavelic, and he had also met Pavelic
27 in Rome before the war. In the last eight months of the war, while serving as Hungarian Consul General
28 in Vienna, Vajta had visited Zagreb several times. But Vajta had not admitted to me that he had then met

1 Pavelic in Zagreb, but that seemed likely. I wondered, therefore, whether he had known anything about
2 Ustasha Colonel Ivan Babic's secret wartime mission to the headquarters of the British Eighth Army in
3 Italy. I set up a meeting with Vajta, and asked what he knew or had known about Babic's alleged wartime
4 mission to Italy.

5 32. Vajta replied immediately that the Hungarian government had known all about the 1944
6 mission of Babic to the British in Italy, because it was hoped, and expected, that a British invasion of
7 Croatia would permit the British Eighth Army to reach Budapest before the Russians could do so. The
8 prospective British invasion of Central Europe, which the Hungarian government had attributed to Prime
9 Minister Winston Churchill, had represented Hungary's last best hope for salvation from Stalin's Red
10 Army. He also told me that he knew Babic was then in Rome, and that he had even met with him in Rome
11 since he, Vajta, had returned to Rome from (Franco) Spain. He suggested that I would be interested in
12 whatever Babic himself would say about his days with the British Eighth Army.

13 33. Earlier in 1947, I had interrogated Ambassador Miklos Horthy, Jr., who had applied for a US
14 visa at the US Consulate General. He was the eldest son of Admiral Miklos Horthy, the Hungarian
15 Regent, who had sponsored Pavelic before the war, and later, in December 1941, had signed Hungary's
16 declaration of war against the United States. The Consulate General had requested a US Army security
17 check on Horthy, Jr., and Colonel Morena had assigned the case to me. I was immediately surprised to
18 learn that he was a resident in a large apartment on Via Veneto, just a block from the US Embassy.
19 Before the war, he had served as a Hungarian career diplomat, rising to be Ambassador to Brazil. After
20 he returned to Budapest from Brazil, during the war, he had become a special assistant to his father, the
21 Regent, who was still running the country.

22 34. During my interrogation of Horthy Jr., which took place in his Via Veneto apartment, he had
23 told me that he had assisted his father in secret wartime negotiations with the British, and also, he said,
24 with the Yugoslav Communist leader Tito, aimed at withdrawing from Hungary's alliance with Nazi
25 Germany and welcoming a British army invasion of Central Europe. I had asked with whom his father
26 had conducted these secret negotiations with the British and through whom he had conducted secret
27 negotiations with Tito. Horthy Jr. replied that the negotiations with the British had been conducted in
28 Rome by Baron Gabor Apor, Hungary's Minister to the Holy See, who had met with Sir D'Arcy

1 Osborne, the British Minister to the Holy See. These negotiations, ne asserted, had seemed successful,
2 but eventually had failed, in 1944, when the British failed to land an army at the head of the Adriatic. His
3 father had expected the British landing to take place in Croatia and on the Istrian peninsula. His own
4 negotiations with Tito, conducted in Budapest through Baron Bornemisza, had failed when he himself
5 had been arrested by the German Gestapo. Both he and his father had wound up in the Buchenwald
6 concentration camp.

7 35. Horthy Jr. had not mentioned Ustasha Colonel Ivan Babic, but at the time of our meeting I
8 still had not known anything about Babic's mission to the British Eighth Army.

9 36. I wrote my security check report on Horthy Jr. recommending against granting him a US visa.
10 Colonel Morena endorsed my recommendation, sending my report with his covering memorandum to the
11 US Consulate General. (For the record, I note here that Horthy Jr. did not receive a US visa.)

12 37. After reviewing my report on Horthy Jr.'s assertions about Hungary's secret wartime
13 negotiations with Sir D'Arcy Osborne in Rome, and Draganovic's and Vajta's accounts of Colonel
14 Babic's wartime mission to the British Eighth Army, I decided to follow up by meeting with Babic, if
15 possible.

16 38. Consequently, in consultation with and with the approval of Colonel Morena, I called Babic
17 at the telephone number Draganovic had given me. He was not at that number, but I left a message for
18 Babic. He later called me back at our CIC offices to suggest a nighttime meeting. As I recall clearly, I
19 met with Babic alone in an apartment in the center of Rome. I referred both to Father Draganovic and
20 Ferenc Vajta, and Babic confirmed that he knew both of them. We talked for two or so hours, and he
21 confirmed everything that Draganovic had told me. He said that he now hoped that through me he would
22 be able to work somehow with the Americans.

23 39. The British, he said, had let him down and now no longer wanted to admit that they had
24 worked with him and the Croatian government on the planned invasion of Central Europe in 1944.
25 Moreover, as most of the wartime British Generals he had met in Italy had long since been transferred
26 elsewhere, he no longer had any high-ranking British contacts in Italy. Or so he claimed.

27 40. At British Eighth Army headquarters during the last year of the war, Babic added, he had met
28 with all the top commanders of the Eighth Army. But he had not met Field Marshal Montgomery, who

1 had been transferred back to England in late 1943 to join General Eisenhower in planning the June 1944
2 Normandy invasion.

3 41. Babic also told me that he had met with Pavelic in Rome after the war, and was still in
4 "indirect" contact with him. If I were to meet with Pavelic, he added Pavelic would not only confirm
5 everything he had told me, but would be able to provide additional important information on his
6 cooperation with the British. Babic asserted that Pavelic was apparently still cooperating with the British
7 in some ways.

8 42. Were Pavelic to be arrested in Rome and extradited to Belgrade, Babic opined, his public
9 show trial by Tito could cause the British government grave embarrassment. Pavelic, he said, would now
10 probably prefer to cooperate with the Americans.

11 43. At the end of our discussion, Babic said he would be able to set up a meeting with Pavelic,
12 in Rome, if that proved desirable. I said I would keep that in mind. Later, Morena and I thought that such
13 a meeting could provide us the opportunity of arresting Pavelic. But by then our Rome CIC investigation
14 was already ordered terminated, and we had no authorization to proceed.

15 44. Not long after my meetings with Draganovic and Babic, I had the opportunity to have
16 Draganovic's registration files brought to me from his offices at the Pontifical Croatian College of St.
17 Jerome. The opportunity arose because Draganovic traveled frequently, ostensibly to visit Croatians in
18 the displaced persons camps located outside Rome in various parts of Italy. Because his formal visits, as
19 Apostolic Visitor, usually had to be confirmed in advance with the camp authorities, this resulted in his
20 staff at the College usually being informed in advance about his periods of anticipated absence from
21 Rome. On this occasion, he was to be away from Rome for three days, but the persons involved did not
22 bring me the registration files until the day after he had left Rome. That is, they first wanted to make sure
23 that Draganovic had actually left town, as had been scheduled. So, as arranged, the files were delivered
24 to me at our CIC offices on the second day of his absence from Rome. The files were photostatted
25 overnight in our offices, an operation that lasted hours, and were returned to his offices on the morning
26 of the third day of his scheduled absence, before Draganovic had returned. We had made four complete
27 sets of his registration files.

28 45. I sent one set, with a brief one-paragraph covering memo, to Colonel Morena, another set I

1 sent to Special Agent Robert Clayton Mudd in Naples, a third set I sent to Captain James J. Angleton,
2 chief of the Rome Central Intelligence Group (CIG) unit, and one set I kept for our Rome CIC
3 Draganovic file. We did not send my report and the file photostats to the British.

4 46. My covering memo had deliberately not revealed how I had come into possession of
5 Draganovic's registration files. Special Agent Mudd assumed, I learned later from him, as apparently did
6 others, including Captain Angleton, that I had somehow broken into Draganovic's offices at the Pontifical
7 Croatian College of St. Jerome. But I had not. Of course, neither Mudd nor Angleton shared either our
8 Rome offices or our Rome billets. But I had kept Colonel Morena fully informed. He knew that the
9 registration files had been brought over to our CIC offices to be photostatted there. Indeed, he had even
10 inspected that overnight in-house operation.

11 47. Mudd, who read Serbo-Croat, sent me a reply memo about a week later, thanking me for
12 sending him the copies of Draganovic's complete registration files. He reported that 20 leading Ustasha
13 war criminals (who did not include Pavelic) were registered in the registration files under both their real
14 names and assumed identities. A copy of Mudd's memo also went to Colonel Morena. To his report,
15 Mudd had attached copies of the personal registration forms made out by these twenty individuals, where
16 both their real and their assumed identities had been clearly listed together. But it was unclear whether
17 the registrants had listed their assumed identities themselves, or whether, instead, somebody else had
18 written in the assumed identity. In some cases, the handwriting seemed identical, in others not.

19 48. What this meant was that Draganovic had been knowingly involved with Ustasha war
20 criminals, and had facilitated their use of false identities in Italy. That would make him subject to arrest.
21 At the very least, we had the option of demanding that Draganovic lead us to one or more or all of the
22 20 Ustasha war criminals he had knowingly assisted. And we might possibly ask him, politely, to lead us
23 to Pavelic himself.

24 49. The most important and best known of the 20 Ustasha war criminals listed in the registration
25 files was Andrija Artukovic, Pavelic's Minister of the Interior. But I do not now remember the names of
26 any of the other 19 Ustasha officials. (As became known years later, Andrija Artukovic had fled Rome
27 in late 1947 and in the summer of 1948 had landed, equipped with a US tourist visa and a false passport
28 in the name of Alois Anich, at Los Angeles airport. He then became a longtime resident of Orange

1 County. There, he was formally sponsored by his brother, John Artukovic, a naturalized American citizen.
2 Andrija Artukovic had reached the United States, via London, where he had once lived, and via Dublin,
3 where he had received his US tourist visa.)

4 50. Significantly, my covering memo together with all four complete sets of Draganovic's
5 Croatian registration files and Mudd's memo to me listing the 20 Ustasha war criminals have all
6 apparently mysteriously disappeared from US Army CIC files. Various well-known writers and
7 researchers, including US Department of Justice official John Loftus, who reportedly searched for these
8 missing reports while serving in the Office of Special Investigations, have never succeeded in finding
9 them. But there are allusions to them in other, later reports by Special Agent Mudd, after he was
10 transferred from Naples to Trieste in late 1947. There is the suspicion, therefore, that these critical 428th
11 CIC reports were deliberately destroyed.

12 51. Very shortly after my report on Draganovic's registration files, two unexpected events took
13 place in rapid succession. First, Colonel Morena received an order to halt our Pavelic investigation.
14 Second, Colonel Morena called me into his office to report that the US Embassy in Rome had forwarded
15 a complaint against me by the Vatican Secretariat of State, alleging that I, William Gowen, had "violated
16 Vatican Extraterritoriality." The complaint had been transmitted by US Ambassador James C. Dunn to
17 the British Brigadier, Albin Low, who had just been appointed Commander of the Rome Area Allied
18 Command, succeeding an American, Brigadier General Charles Dasher. Brigadier Low, in turn, had then
19 transmitted Dun's letter to G-2, US Army at the Rome Area Allied Command, and that office had in turn
20 informed Colonel Morena.

21 52. Morena asked me what such a complaint might refer to. Neither of us believed it was in
22 anyway related to Draganovic's files, because as Morena knew I had not broken into the Pontifical
23 Croatian College of St. Jerome. Moreover, the College was not extraterritorial Vatican territory. We
24 tried, therefore, to think of some other of our CIC operations in Rome that might have triggered such
25 a complaint, but could think of none.

26 53. The Colonel said he was told that the Vatican complaint had been reported to the Senior
27 Weekly Staff Meeting of the US Embassy to Italy, chaired by US Ambassador James C. Dunn, by Foreign
28 Service Officer J. Graham Parsons. Parsons, who was not an officer of the Embassy, had just succeeded

1 my father, Franklin C. Gowen, as Assistant to Myron C. Taylor, the President's Person Representative
2 to Pope Pius XII. Mr. Taylor, whom I knew well, was away from Rome at the time.

3 54. Puzzled, Colonel Morena then asked me if I knew J. Graham Parson. Yes, I replied, Parsons
4 and Mrs. Parsons had arrived in Rome three months previously. They had never been to Rome before,
5 and my father and I, together, had driven them around the city on a number of occasions, and had even
6 looked at some apartments with them. Did I know Parsons well enough, my colonel asked, to call him
7 up and ask for a meeting. Yes, I did, I replied. "Call him up, and ask to see him," Morena told me. I did
8 so a few minutes later, and Parson gave me an appointment at 11 am the next day, in his office. I
9 immediately informed Morena.

10 55. When I arrived at Parsons' office, which had been my father's until a few weeks previous, he
11 greeted me in a most friendly manner, calling me Bill and rising from the chair behind his desk to shake
12 my hand and pat me on the shoulder. He asked for news of my father, who had rejoined my mother and
13 younger brother in Washington, after a three-year separation. And he asked how I was doing, and how
14 much longer I expected to serve in the Army (which I had joined as a volunteer, not a draftee, in 1945).
15 After the small talk ended, I said I had come to see him because my colonel had received a complaint
16 transmitted by Ambassador Dunn to Brigadier Low saying that he, Parsons, had reported that the Vatican
17 Secretariat of State had complained to him, Parsons, that I had "violated Vatican extraterritoriality."
18 Parsons' face flushed and turned literally purple. He was obviously embarrassed to learn that I had been
19 informed of the secret (and false) complaint against me. I quickly went on to say, without any interruption
20 from him, that neither Colonel Morena nor I understood what project or activity might have justified such
21 a complaint. To the best of our knowledge, no member of the Rome Detachment of the 428th CIC had
22 ever violated Vatican extraterritoriality.

23 56. I paused, and neither of us said anything, for what seemed a long time. We just looked at each
24 other. Finally, Parsons sputtered, "There must be some misunderstanding," and then, "I really do not
25 know what that is all about." I replied that I would report his comment to Colonel Morena, thanked him,
26 and left his office. I never saw Parsons again.

27 57. But some months later, after being transferred to Germany, I saw Myron C. Taylor again, in
28 Rome. I told him I had had a most unusual experience with J. Graham Parsons, his Assistant. I reported

1 that Parsons had attended the Senior Weekly Staff Meeting of the US Embassy, chaired by Ambassador
2 Dunn, and had there reported that the Vatican Secretariat of State had complained that I had "violated
3 Vatican extraterritoriality." Taylor said nothing for awhile, and then commented: "Parsons should not
4 be attending such meetings, and if the Vatican had complained about you, Bill, Parsons should have
5 reported that first to me, and to nobody else. But he never did so."

6 58. After another pause, Taylor said, "I'll have to ask Parsons about that. " And then, after
7 another longer pause, he said, "Bill, do you think your father would want to come back here to Rome,
8 to be with me again?" Yes, I replied, I think he'd very much like that. Taylor smiled, and there was
9 another long pause. "I'm going to write President Truman requesting the removal of Parsons, and asking
10 for the return of your father," Mr. Taylor said. And then we talked of other matters.

11 59. Mr. Taylor did write to President Truman to request the removal of Parsons and his secretary
12 from his mission, and from Italy, and asking for the return of my father. President Truman obliged, and
13 my father returned to Rome as Taylor's Assistant.

14 60. But in the meantime, our Rome CIC investigation of Pavelic had been terminated, as ordered,
15 and Pavelic, aided by Draganovic, had fled from Rome to Spain, in September 1947 (as I learned later).
16 He apparently went to Spain under an assumed identity, and on an Argentine passport. Later, he would
17 move on to Buenos Aires, and later still be returned to Madrid, where he died. Pavelic had successfully
18 escaped arrest and prosecution, and had passed away under his real name. He is buried in Madrid.

19 61. But in July 1947, another unusual event had occurred in Rome, unknown to Colonel Morena,
20 to Special Agent Caniglia and to me. Captain Paul Lyon, of the 430th CIC, headquartered in Salzburg,
21 Austria, had signed a secret contract with Draganovic that called for the delivery of war criminals by the
22 CIC to Draganovic, for their export to South America, at a set fee, plus expenses. And thus was born the
23 notorious "rat line," as the 430th CIC baptized it, from Rome to South America. With the immunity
24 provided him by this secret contract with the US Army, Draganovic was then able to ship Pavelic and his
25 family safely all the way to Argentina from Spain, without any fear of unusual problems.

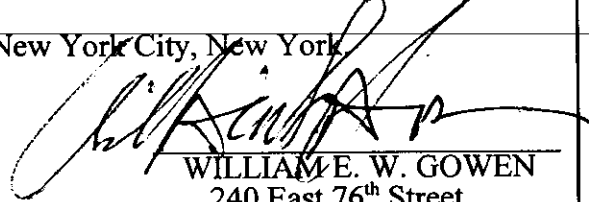
26 62. The ultra-secret 1947 Lyon/Draganovic contract was not officially confirmed until 1983, when
27 a US Department of Justice report became public. The report was issued by the Department's Office of
28 Special Investigations, was signed by Allan A. Ryan, Jr., and was approved by then US Attorney General

1 Edwin Meese. The report admitted that Gestapo Captain (SS Hauptsturmfuehrer) Klaus Barbie had been
2 employed by the US Army's 970th CIC, headquartered in Frankfurt, after the war, and that Barbie's
3 transfer to South America by Draganovic in 1951 had been made under the terms of the secret
4 Lyon/Draganovic contract. The OSI report also commented on and tried to explain away the repeated
5 postwar refusals of the US authorities to extradite Barbie to Paris for trial by France for his torture and
6 murder, in 1943, of Jean Moulin, the chief of the (French) National Council of the Resistance. Instead,
7 through Draganovic, Barbie had been transferred by the 970th CIC from West Germany to safety, and a
8 new career in South American. (Jean Moulin was later entombed in the Pantheon of Paris, by President
9 Charles de Gaulle of France, as one of France's greatest National Heroes.)

10 63. In short, instead of being arrested in July 1947 in Rome, by the 428th CIC, for assisting Ante
11 Pavelic and other Ustasha war criminals, Draganovic had that same month become a US agent, under the
12 secret contract with the 430th CIC, committed to transferring Gestapo officers and other war criminals
13 to South America.

14 64. The full list of Ustasha and German war criminals who escaped from Europe to South
15 American via the Draganovic "rat line" remains a shameful postwar secret. And Dr. Ante Pavelic was
16 among the first to make full use of this escape mechanism to avoid the penalties justified by his crimes
17 in wartime Croatia. His thousands of victims have, so far, had no recourse.

18 I declare under penalty of perjury under the laws of the United States that the foregoing is true
19 and correct and executed this 16th day of January 2003 in New York City, New York

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